

FY 2017 Classification Hearing

November 21, 2016

Town Budget Process:

- Every year, those present at our Annual Town Meeting vote to approve the upcoming budget figures.
- The money to fund the budget comes from Local Receipts (permits, fees, etc), State Aid, Other Revenues (free cash, stabilization, etc), and the Levy.
- The Levy refers to the amount of money a community can raise through Real Estate and Personal Property Taxes.

To Clarify...

- The classification hearing does not change the amount of money which can be raised via the Levy.
- A split rate will not increase revenue for the town.
- A split rate shifts some of the tax burden from all residential properties onto all commercial, industrial, and personal property accounts.



The Tax Rates and Valuations:

- Since you need to raise a specific levy amount, the valuations and tax rates move in opposite directions. If the total town value increases, the tax rate will decrease. If the total town value decreases, the tax rate will increase. However, if overrides, capital exclusions, or debt exclusions are approved (per Town Ballot), the tax rate increases no matter what.

The Fire Truck/New School:

- The one-time capital exclusion of 1.2 million dollars, for the new fire truck, happened in FY 2016.
- The debt for the fire truck will come off of the tax rate in FY 2017.
- The debt for the new co-located middle/high school will start in FY 2017.
- A moderate increase was estimated, and appeared on the preliminary bills. The actual increase will continue to appear on the tax bills as we continue to borrow money and until the debt is paid (25+ yrs).

Outstanding Debt Schedule Overview

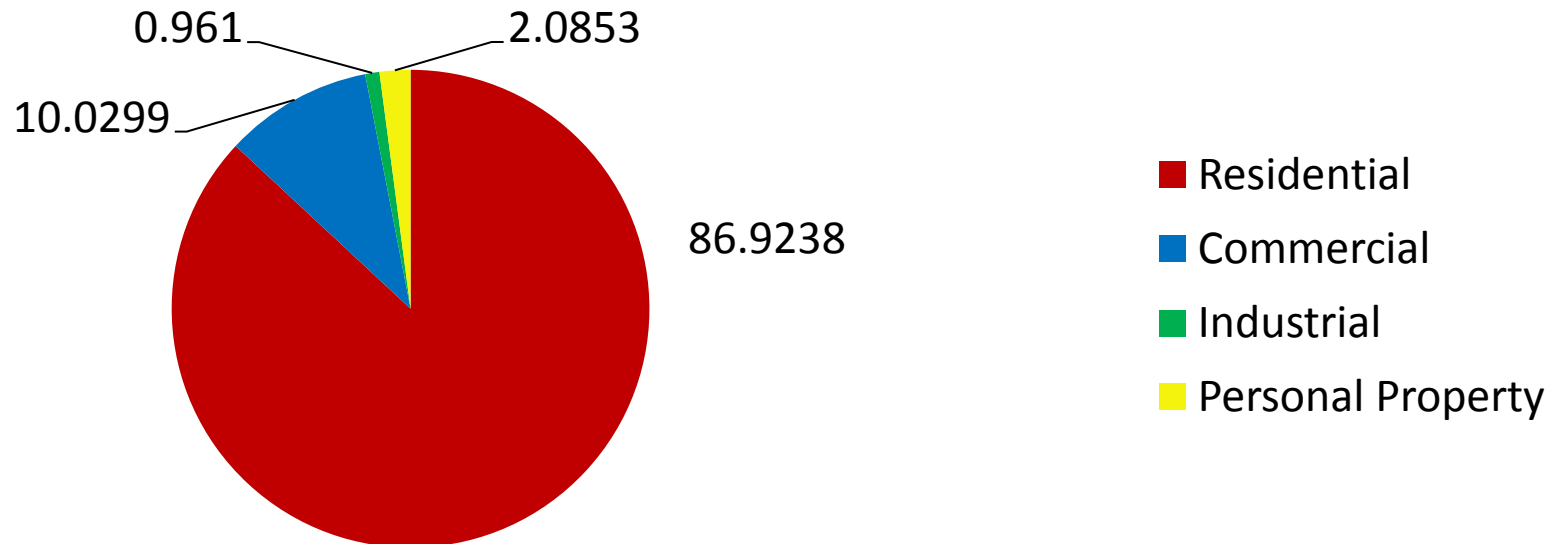
Ballot Vote Date	Purpose	Bond Issuance Date	FY 2017 Net Debt	Debt Completed / Removed
10/18/14	New Middle/High School	4/16/15	\$3,488,815	FY 2041
4/9/05	New Police Station	6/15/07	\$387,428	FY 2027
12/2/06	ECC Window Replacement	6/15/07	\$120,750	FY 2018
6/12/99	Sewer Phase 4	6/15/07	\$19,687	FY 2018
11/10/07	Senior Center Purchase	6/1/08	\$117,831	FY 2028
11/10/07	High School Windows & Doors	6/1/08	\$135,752	FY 2028
4/24/10	ECC Roof	6/15/07	\$115,500	FY 2018
Grand Total				\$4,385,760

The CPA:

- Since the CPA has been approved, this surcharge will also appear on the tax bills for FY 2017 . This does not increase the tax rate, it is a separate surcharge (tax). It does not go towards the payment of your real estate tax bills, or the general fund.

Classification:

- The Board of Selectmen hold a Classification Hearing each year to determine if the Levy gets divided evenly via a single tax rate, or if the tax burden gets shifted between the classes.
- Here are the current class percentages:



Historical Class Percentages

FY	Res %	Comm %	Ind %	Pers Prop %
2003	86.54%	10.03%	1.25%	2.16%
2004	88.93%	8.06%	1.09%	1.90%
2005	88.26%	8.92%	1.21%	1.58%
2006	87.53%	9.69%	1.27%	1.50%
2007	87.30%	10.09%	1.15%	1.45%
2008	86.59%	10.58%	1.19%	1.62%
2009	86.12%	10.79%	1.24%	1.84%
2010	85.58%	11.20%	1.19%	2.01%
2011	85.09%	11.34%	1.15%	2.40%
2012	85.43%	11.26%	1.18%	2.11%
2013	85.48%	11.21%	1.20%	2.10%
2014	85.12%	11.56%	1.23%	2.07%
2015	85.74%	11.01%	1.18%	2.05%
2016	86.23%	10.68%	0.99%	2.08%
2017	86.92%	10.03%	0.96%	2.09%

LA-7 Shift

- Should the Selectmen choose to shift some of the burden to the CIP (commercial, industrial, personal property), the shift may not be more than 150% of the original burden.
- Given this restriction, our minimum residential share (with max shift) is **80.3858** and our maximum CIP share (with max shift) is **19.6142**.

At the original limit, the share of the levy to be raised by each class would be as follows:

	Original % of share	Original Levy Share	Single Tax Rate
Residential	86.9238	29,780,617	18.36
CIP	13.0762	4,479,968	18.36

At the maximum allowable limit, the share of the levy to be raised by each class is as follows:

	Max Shift Share %	Max Shift Levy Share	Max Split Rates
Residential	80.3858	27,540,633	16.98
CIP	19.6142	6,719,952	27.53

FY 16 vs. FY 17

- FY 16's tax rate is \$17.93
- FY 17's proposed tax rate is \$18.36
- This is a \$0.43 increase.



Average Values

- The current value of the average single-family home is: \$322,488
- A difference of 6.68% from last year
- This increase is a reflection of the recently completed sales analysis.
- The current value of the average commercial property is: \$831,106
- A difference of -1.59% from last year
- This difference is due to a drop in the sales prices of commercial land.



Average Taxes

Single Family Home

- The taxes would be: \$5,920.88
- A difference of 9.25% from last year
- Currently, 60.63% of all of the single-family homes are valued at or below the average.

Commercial Property

- The taxes would be: \$15,259.11
- A difference of 0.76% from last year
- Currently, 78.26% of all of the commercial properties are valued under \$1,000,000



Impact of Tax Shifts

Shift	Res Tax	Res Rate	Res Savings	Res % Change	Comm Tax	Comm Rate	Comm Incr	Comm % Change
1.00	5,920.88	18.36			15,259.11	18.36		
1.05	5,875.73	18.22	-45.15	-0.76%	16,015.41	19.27	756.31	4.96%
1.10	5,830.58	18.08	-90.30	-1.53%	16,780.03	20.19	1,520.92	9.97%
1.15	5,785.43	17.94	-135.44	-2.29%	17,544.65	21.11	2,285.54	14.98%
1.20	5,740.29	17.80	-180.59	-3.05%	18,309.27	22.03	3,050.16	19.99%
1.25	5,698.36	17.67	-222.52	-3.76%	19,065.57	22.94	3,806.47	24.95%
1.30	5,653.21	17.53	-267.67	-4.52%	19,830.19	23.86	4,571.08	29.96%
1.35	5,608.07	17.39	-312.81	-5.28%	20,594.81	24.78	5,335.70	34.97%
1.40	5,562.92	17.25	-357.96	-6.05%	21,359.42	25.70	6,100.32	39.98%
1.45	5,517.77	17.11	-403.11	-6.81%	22,124.04	26.62	6,864.94	44.99%
1.50	5,475.85	16.98	-445.03	-7.52%	22,880.35	27.53	7,621.24	49.95%

As you can see, the highest shift would result in commercial paying approximately **50%** more in taxes, while residential parcels would save just under **8%**.

Split-rate Information

- In FY2016, 114 communities had a split tax rate.
- 95% of those communities have split the tax rate for more than 10 years.
- 84% have split the tax rate for more than 25 years.
- The average residential percentage for the split-rate communities is: 78.59%
- The average residential percentage for single-rate towns is 88.7%
- Of the 27 cities/towns in Plymouth County, 5 have a split rate.
- The average residential percentage of these 5 communities is 78.80%

Some final bits of information...

- When determining values, we are governed by DOR regulations. We must analyze qualified sales from the last full calendar year, and adjust accordingly. For Fiscal Year 2017's values, we must use sales from Calendar Year 2015. Property values get adjusted after the sales analysis each year.
- Property values are submitted to and certified by the Department of Revenue each year.
- Property values may change as a result of building permit visits, sales inspections, random selection, or the DOR requirement to visit the property at least once in a nine-year period.

In Closing,

- The Board of Assessors voted to recommend that the Board of Selectmen adopt a single tax rate.

